



BENBROOK LIBRARY DISTRICT INVESTMENT POLICY

Approved March 4, 2026

Section 1.0 Policy

It is Benbrook Library District's policy that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines and to the maximum extent possible, at the highest rates obtainable at the time of investment. This investment policy and guidelines must be reviewed and signed by the Benbrook Library District Board not less than once a year for update and compliance with the Texas Government Code, Public Funds Investment Act, Chapter 2256.

Section 1.1 INVESTMENTS SHALL BE MADE WITH THE PRIMARY OBJECTIVE:

- Safety and preservation of principle
- Maintenance of sufficient liquidity to meet operating needs
- Maximization of yield on the portfolio
- Public trust from prudent investment activities

Section 2.0 Purpose

The purpose of this Investment Policy is to comply with Chapter 2256 of the Texas Government Code ("Public Funds Investment Act"), which requires each entity to adopt a written Investment Policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the Entity's funds.

Section 3.0 Scope

This Investment Policy applies to all of Benbrook Library District's financial assets.

Section 3.1 Funds

- Operating Fund
- Capital Project Fund
- Miscellaneous Funds

Section 3.2 Delegation of Authority

The Benbrook Library District board designates the Treasurer, Investment Officer, and the Executive Director to serve as the Investment Officer. These positions assume the responsibility of fiscal coordination to determine which available funds may be invested after due consideration

is given to current and anticipated debt. The final investment step is made by and with due advice of the Investment Officer to the Library Board and their subsequent vote approval. The Investment Officer holds the final investment responsibility until divested of their position by Board action or loss of elected position by public vote.

Section 4.0 Prudence

The standard of prudence to be applied by the Investment Officer and the Board of Directors or Trustees shall be the “prudent investor” rule. This rule states that “investments shall be made with judgement and care, under circumstances then prevailing which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” In determining whether an officer has exercised prudence with respect to an investment decision, determination shall be made taking into consideration:

The investment of all funds, or funds under the Benbrook Library District’s control, over which the trustees had responsibility rather than consideration as to the prudence of a single investment. Prudence will also require the investment decision to be consistent with the written approved Investment Policy of the Library.

Section 4.1 Indemnification

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment’s credit risk or market price changes, provided that these deviations are reported immediately, and the appropriate action is taken to control adverse developments.

Section 5.0 Objectives

The primary objectives, in order of priority, of Benbrook Library District’s investment activities shall be:

Section 5.1 Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Diversification is required in order to minimize market risk in any particular sector or security.

Section 5.2 Liquidity

The investment portfolio will remain sufficiently liquid to enable Benbrook Library District to meet all operating requirements, which might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds or local government investment pools that offer same-day

liquidity. In addition, securities with active secondary or resale markets will be utilized.

Section 5.3 Yield

The investment portfolio shall be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles, commensurate with the Benbrook Library District's investment risk, constraints, and cash flow characteristics.

Section 6.0 Training

The Investment Officer and the Library Director must attend an investment training workshop of not less than ten hours at least once every two years. This workshop must be presented by reputable institution of higher learning or a professional entity and should contain as its core curriculum investment responsibilities.

Section 7.0 Ethics and Conflicts of Interest

Investment Officers and employees involved in the investment process shall refrain from personal or business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers shall disclose any material interest in financial institutions with which they conduct business. Investment officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Benbrook Library District.

Section 7.1 Public Trust

This is bequeathed to all Benbrook Library District Board Members by virtue of their elected positions as custodians of the library and those with adjunct library responsibilities whether paid or on volunteer positions.

Section 8.0 Authorized Banks and Broker/Dealers

Every five years the Benbrook Library District shall choose a Depository through a formal request for proposal (RFP). The current RFP with Pinnacle Bank expires September 2026, with one more one year renewal available.

Prior to any investment transactions with Benbrook Library District, brokers/dealers are required to provide Benbrook Library District with policy certification and must submit required written documents as defined by the Investment Officer and annual audited financial statements to Benbrook Library District and be in good standing with the Financial Industry Regulatory Authority (FINRA). Representatives of the broker/dealer shall be registered with the State of Texas Securities Board and the firm must have membership in the Securities Investor Protections Corporation (SIPC).

Benbrook Library District shall present a written copy of the Investment Policy to any broker/bank/pool offering to engage in an investment transaction with Benbrook Library District. The representative of the business offering to do business with Benbrook Library District will execute a written document acknowledging receipt of the Benbrook Library District's Investment Policy which states the firm's

efforts to implement reasonable procedures to comply with the policy.

Section 9.0 Authorized Investments

The Benbrook Library District shall practice a buy and hold portfolio plan. Even though Investments are made with the intent of retention until maturity, maturity dates should closely correspond with cash flow needs. Nevertheless, the market may dictate the trade of securities before maturity if the following conditions prevail;

- a. To safeguard the principal if the market declines.
- b. Replacement of a security if it betters the yield, or maturity date.
- c. Selling a security will fulfill the liquidity needs of the portfolio.

Section 9.1 Investments may be made in any of the following, either singly or combination thereof

1. Treasury bills of the United States government or its agencies.
2. Certificates of Deposit of Federal or State banks located in Texas.
3. Money Market Mutual Funds listed and controlled by the SEC, having weighted average maturity dates of 90 days or less, and sustain a one dollar net asset value per share.
4. Government Investment Pools that meet the requirement of the Public Funds Investment Act, Chapter 2256, and are rated by a national service as being triple A or equivalent.

Section 9.2 Not Permitted - Investments shall not be made in securities backed by mortgage collateral. As well, investments shall not be permitted in securities that are obtained through these proscribed investments.

From those investments authorized by law, the Board of Trustees authorizes investments of Library funds in only the following investment types, consistent with the strategies and maturities defined in this policy.

Section 9.3 Obligations of the U.S., its agencies, and instrumentalities with a stated maturity not to exceed 2 years and excluding Mortgage-Backed Securities.

Section 9.4 Depository Certificates of Deposits with banks in Texas fully FDIC insured or collateralized in accord with this policy not to exceed 2 years to mature.

Section 9.5 Fully collateralized repurchase agreements permitted by State Government Code 2256.011 with a maximum maturity of 120 days (about 4 months). Flex repo may extend to match bond schedules.

Section 9.6 General obligations of any U. S., State or subdivisions rated A with a maximum maturity of 2 years.

- Section 9.7 Commercial paper rated by two nationally recognized rating organizations not to exceed 90 days (about 3 months) to maturity.
- Section 9.8 AAA rated money market mutual funds.
- Section 9.9 AAA rated constant dollar local government investment pools.
- Section 9.10 Securities shall be purchased using the delivery vs. payment (DVP) method with the exception of investment pools and mutual funds.

Section 10.0 Safekeeping and Custody

All securities owned by Benbrook Library District shall be held by its safekeeping agent and settled delivery v payment (DVP). The collateral for all bank time and demand deposits will be custodied in Benbrook Library District's name in an independent bank or the Federal Reserve Bank. Original safekeeping receipts shall be obtained from the Custodian.

Section 11.0 Collateralization

Consistent with the requirement of the Public Funds Collateral Act, it is the policy of the Benbrook Library District to require all bank or savings banks deposits to be federally insured (FDIC) or to be collateralized with eligible securities. To the extent not insured by federal agencies all Benbrook Library District bank deposits shall be collateralized at a rate of no less than 105% by reliable securities. Only securities prescribed as eligible investments under the Texas Public Funds Collateral Act qualify as collateral. Pledged securities must maintain a market value equal to no less than 105% of total uninsured deposits.

Section 12.0 Investment Strategy

The Benbrook Library District may combine its funds in one portfolio for investment purposes recognizing the unique needs of the individual fund types below. Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.

Section 12.1 Operating Funds

Operating funds have as their primary objective safety, investment, liquidity, and maturity sufficient to meet anticipated cash flow requirements.

Section 12.2 Capital Project Funds

Capital project funds have as their objective sufficient investment liquidity to meet capital project obligations in a timely manner. If the Library has funds from bond proceeds they shall be invested in accordance with provisions of this policy and the bond documents. Maturities may not exceed planned expenditure schedules for the bond proceeds.

Section 12.3 Miscellaneous Funds

Miscellaneous funds are generally from other revenue than tax and will still follow the primary objective of safety, investment, liquidity, and maturity.

Section 13.0 Diversity

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Section 14.0 Maximum Maturities

The Benbrook Library District attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Benbrook Library District will not directly invest in securities with stated maturity of more than five (5) years from the date of purchase.

Section 14.1

The composite portfolio will have a maximum dollar weighted average of one year or less. This dollar weighted average maturity will be calculated using the stated final maturity date of each security and position.

Section 15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a yield throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The basis used by the Investment Officer to determine whether market yields are achieved shall be the six-month and 1 year U.S. Treasury Bills.

Section 16.0 Reporting

The Investment Officer shall prepare and submit a monthly report as required by law. It shall include all Library funds covered by this policy, beginning, ending and significant changes in the market value of the portfolio; beginning, ending market value, maturity date, types of funds and interest and yield for each separate security; and a statement as to the compliance with this policy and state law. These reports will be written, signed, and dated by the Investment Officer.

The report should contain the following:

- Compilation of securities held at and of the reporting period.
- Value appreciation or depreciation of securities at beginning and ending of the reporting period.
- Additions and changes to the securities market value during the period
- Average weighted yield to maturity of portfolio as compared to the applicable benchmark.
- Investments listed by due maturity dates.

- Total interest gained during the period.
- The portfolio presented in degree of percentages of each investment type. A statement that the portfolio complies with the Benbrook Library District's Investment Policy as approved by the Board and in agreement with State law.

Section 17.0 Investment Policy Adoption

The Library Investment Policy shall be reviewed, adopted, and signed by resolution of the Benbrook Library Board of Trustees annually. It is Benbrook Library District's intent to comply with state laws and regulations. Changes made to comply with changing laws and regulations, or improved operations must be approved by the Benbrook Library District Board members and included in the adoption resolution.

**RESOLUTION OF THE BENBROOK LIBRARY DISTRICT
ADOPTING A WRITTEN INVESTMENT POLICY AND
DESIGNATION OF INVESTMENT OFFICER**

WHEREAS Section 2256.005(a) of the Public Funds Investment Act (the “Act”) directs the governing body of an investing entity to adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control; and

WHEREAS the Act requires the governing body of an investing entity to designate, by rule, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as Investment Officers to be responsible for the investment of its funds.

NOW, THEREFORE, BE IT RESOLVED BY THE BENBROOK LIBRARY DISTRICT:

SECTION 1.

The Board of Trustees of the Benbrook Library District (“Board”) has reviewed the Investment Policy and investment strategies and hereby adopts the Investment Policy dated March 4, 2026.

SECTION 2.

The Board hereby designates _____ as Investment Officer, and charges him to diligently carry out the duties of investment officer in compliance with the Investment Policy and other applicable state and local guidelines and statutes. Said designation shall be effective until rescinded by Board or upon termination of their service with the Benbrook Library District.

SECTION 3.

This resolution shall be effective immediately upon adoption.

APPROVED this _____ day of _____, _____.

Signed: _____
Carol Hafer, Library Board President

Signed: _____
Larry Vickers, Library Board Trustee Investment Officer